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WHITE HOUSE FOR CEQ AND OSTP
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SUBJECT: FRANCE'S NEW, GREEN, SUPER MINISTRY TO BE HEADED BY FORMER
PM JUPPE

REF: A) PARIS 2027; B) PARIS 1871

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¶1. (SBU) Summary. Former Prime Minister Alain Juppe has been tapped to become the Minister of State for a new, super Ministry for Ecology, Sustainable Development, and Sustainable Planning in the May 17 government named by President Sarkozy. Juppe will rank third, after President Sarkozy and new Prime Minister Fillon, in the GOF. In his election bid, Nicolas Sarkozy had announced the creation of a super ministry for sustainable development and he has done so.

¶2. (SBU) During the Presidential campaign, Sarkozy called for a new environmental tax system and had supported the idea of a carbon tax on imports in the fight against greenhouse gas emissions. In his May 6 acceptance speech, while providing assurances regarding Franco-American cooperation, President Sarkozy urged the U.S. "to take the lead in the fight (against climate change." Juppe's new ministry, which will also be responsible for overseeing France's energy sector, will likely be a major player in future U.S.-France discussions on global climate change. Juppe's strong institutional and international experience as a former prime and foreign affairs minister will be needed to head this "audacious" ministry already being described in the French media as an "institutional mammoth." End summary.

Environmental Big Bang...

¶3. (SBU) Since its creation in 1971, the Environment Ministry has been a marginal player. The establishment of a ministry encompassing sustainable development, ecology, energy, transportation, and regional planning constitutes a huge change in the governmental system. During the presidential campaign, Nicolas Sarkozy had signed the 'Ecological Pact' advanced by environmental activist Nicholas Hulot. The concept of an environment ministry with real clout over transportation, water and energy was key to the Ecological Pact. (Note: Nicolas Hulot, a leading French green

campaigner and well-known presenter of a popular TV nature program, managed to force environmental issues higher up the agenda in the presidential campaign by proposing the Ecological Pact to all presidential contenders. Opinion polls claimed he would win up to 10 percent of the vote were he to pursue a candidacy for president. In the event, he decided not to run and instead to urge the other candidates to subscribe to his environmental agenda. End note.)

14. (SBU) Sarkozy's decision to establish the new environment ministry and Juppe's high profile appointment also reflect the French electorate's interest in climate change and the new GOF commitment to it. Despite the meager results of the Green Party in the first round of the presidential elections, the environment has become an increasingly important political issue in France and the French electorate is constantly reminded of the dangers of an out-of-control climate system. Certainly Sarkozy's reference to climate change and his claim that the United States could do more in this area, see ref B, found resonance with the French public. With energy, transportation, ecology and sustainable development sectors under his charge, Juppe will command a massive budget in the tens of billions of euros range, a huge ministry by French standards.

A seasoned politician at the helm

15. (SBU) As the sole 'Minister of State' in the French government Juppe will rank number three in the government following President Sarkozy and Prime Minister Francois Fillon. Dominique Bussereau, former Agriculture Minister in the previous government, has been appointed Secretary of State for Transportation under Juppe's supervision. Juppe, 61, began his government career as a finance inspector in 1972 following graduation from the prestigious Institute of Political Studies and the National School of Administration (ENA). Following a two-year stint at the Ministry of Cooperation, he went to work for the newly elected mayor of Paris,

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Jacques Chirac, under whom he held key financial and budgetary posts. Juppe's ministerial level resume includes a stint as Junior Minister for the Budget in the government of Jacques Chirac from 1986-88. Juppe served as Foreign Minister during the Balladur government from 1993-95, and was then PM during 1995-97. Early in his tenure, he proposed several social security and other reforms that led to a series of crippling strikes by public sector employees, eventually leading to reform withdrawals. Juppe also served as president of two political parties. He was mayor of Bordeaux from 1995-2004 and a deputy in the National Assembly from 1997-2004. He again resumed the mayoralty of Bordeaux in recent months.

16. (SBU) Juppe's appointment to a senior government post represents a near-miraculous political comeback for the man once seen as Chirac's inevitable successor, but who fell from grace following his conviction in an illegal political party funding scheme in 2004 linked to Chirac's previous mayoralty. (This forced him to resign from both the National Assembly and as mayor of Bordeaux.) In 2005, Juppe taught a seminar on globalization at Quebec's National School of Administration. During his stay in North America, he became increasingly interested in environmental advocacy. In fall 2006, he actively prepared for the Conference for Global Ecological Governance held in Paris in February 2007. A personal initiative of President Chirac, the conference aimed to mobilize ministers, scientists, company heads, NGO leaders, and public figures from sixty countries to create a United Nations Environment Organization (UNEO) to strengthen international environmental governance.

Sensitive priorities ahead...

17. (SBU) During the presidential campaign, Sarkozy's environmental policy statements spoke of the need for pragmatism and results. He made the ambitious commitment to conduct during the five year presidential mandate, "the necessary actions to solve France's main

environmental problems within one generation, and two generations for climate change." In his inaugural address on May 6, he also pledged that action on global warming would be a priority of France's diplomatic action in the world.

New environmental tax...

18. (SBU) 'Ecofiscality' reforms are to be at the center of the President Sarkozy's environmental vision. He plans to double the toll of environmental taxes, while lowering labor taxes proportionally. Measures may include a reduced VAT for environmentally friendly products and services and the implementation of energy saving measures in buildings; the creation of tax incentives for companies investing in promoting renewable energy technologies (R&D efforts, training, development of "clean" products); and increased tariff rates for water, electricity, and waste collection to encourage virtuous behavior among French households and enterprises. In the key transportation sector, measures in store may include a complete tax exemption on biofuels and the granting of free parking in urban areas for green cars. The new GOF policy will encourage greater train and sea freight vs. road freight. Further, a truck fee is to be introduced based on actual GHG emissions of trucks traveling in France, including foreign trucks. The estimated fiscal gain - 500 million to 1 billion euros - would be devoted to improving alternative transportation means. Sarkozy is also sympathetic to a carbon tax on imports from countries that don't adhere to binding constraints on CO2 emissions, an idea proposed by Prime Minister de Villepin in late 2006. (See ref B, "President Sarkozy and the Climate Change Challenge.")

A continued robust nuclear policy

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19. (SBU) Underscoring the environmental benefits of nuclear power, Sarkozy has promised to encourage the modernization of nuclear energy and know-how, while optimizing security and nuclear waste production. The new president supports the third generation European Pressurized Reaction (first EPR currently under construction in Finland and soon to be constructed in Normandy). He also supports research programs concerning fourth generation reactors while calling for a significant increase of renewable energy in France's energy mix.

110. (SBU) Comment: President Sarkozy is being true to his campaign pledges in creating this new super environmental ministry. Some analysts point to a gain in coherence with the incorporation of regional planning, energy and transport issues, and are satisfied with the appointment of a "heavy weight" to run this new super ministry. Others question the recent "greening" of the new "vice-prime minister" and wonder how such a huge ministry will ever work. But without question, the new governmental structure will provide Sarkozy and Juppe with much greater control over environmental issues than heretofore. End Comment.

STAPLETON